

## SIGNIFICANT POINTS

- Administrative support occupations, including clerical, account for 4 out of 10 jobs; executives, administrators, managerial, and sales workers make up most of the remaining jobs.
- Clerical jobs usually require a high school diploma, while employers prefer college graduates for sales, managerial, and professional jobs.
- Employment opportunities will be favorable despite limited job growth caused by corporate downsizing, computerization, and changes in business practices.

### Nature of the Industry

The insurance industry provides protection against financial losses resulting from a variety of perils. By purchasing insurance policies, individuals and businesses can receive reimbursement for losses due to car accidents, theft of property, fire and storm damage, medical expenses, and loss of income due to disability or death. The insurance industry is mainly comprised of *insurance carriers*, or “*insurers*,” and *insurance agents* and *brokers*. In general, insurance carriers are large companies that provide insurance and assume the risks covered by the policy. Agents and brokers sell insurance policies for the carriers, and work either for themselves or for relatively small firms.

Insurance carriers offer a variety of insurance policies. *Life insurance* policies provide financial protection to beneficiaries—usually spouses and dependent children—upon the death of the insured. *Disability insurance* provides income if a person is unable to work, and *health insurance* pays the expenses resulting from accidents and sickness. *Annuities* (contracts that provide a periodic income at regular intervals for a specified period of time) provide a steady income during retirement for the remainder of one’s life. *Property-casualty insurance* protects against loss or damage to property resulting from hazards such as fire and theft. *Liability insurance* shields policyholders from financial responsibility for injuries to others or damage to other people’s property. Most policies, such as automobile and homeowner’s insurance, bought by consumers, combine both property-casualty and liability coverage. Companies that write this kind of insurance are called property-casualty carriers.

Some insurance policies cover groups of people, ranging from a few individuals to thousands. These policies usually are issued to employers for the benefit of their employees. Among the most common policies are group life and health plans. Insurance carriers also write a variety of specialized types of insurance, such as real estate title insurance and employee surety and fidelity bonding. In addition to underwriting policies, some carriers manage pension funds.

Insurance agents and brokers act as intermediaries between policyholders and insurance carriers. In addition to selling policies, agents and brokers assist clients in submitting their claims to carriers after a loss occurs. Many agents and brokers are independent and are free to market their policies

through a variety of insurance carriers. Other agents may work exclusively for one insurance carrier, selling only that carrier’s policies. These “exclusive” agents may be employed by the insurance carriers they represent. Like many agents, insurance brokers do not represent any particular insurance carrier. They are retained primarily by clients with special insurance needs to approach and negotiate insurance contracts with carriers on the client’s behalf.

The insurance industry also includes a number of independent organizations that provide a wide array of insurance-related services to carriers and their clients. One such service is the processing of medical claims forms for medical practitioners. Other services include loss prevention and risk management. Also, carriers hire independent claims adjusters to investigate accidents and claims for property damage and assign a dollar estimate to the claim.

Other organizations are formed by groups of insurance companies to perform functions that would result in a duplication of effort if each company carried them out individually. For example, rating bureaus are supported by insurance companies to provide loss statistics which the companies use to set their rates. Information institutes produce and distribute relevant statistics and educational materials to teachers and schools on the different lines of insurance, and prepare news releases concerning developments of general interest to the public. This segment of the industry is also supported by numerous educational institutions that grant certifications and designations to insurance industry employees as well as provide a source of continuing education that is required by many state licensing bureaus.

### Working Conditions

Many workers in the insurance industry, especially those in administrative support positions, work a 5-day, 40-hour week. Those in executive and managerial occupations may often put in more than 40 hours. Many sales workers and claims adjusters work irregular hours outside of office settings. Often, sales staff and adjusters arrange their own hours, scheduling evening and weekend appointments for the convenience of clients.

Sales personnel, including agents and brokers, often visit prospective and existing customers’ homes and places of business to market new products and provide services. Claims adjusters frequently leave the office to inspect damaged property.

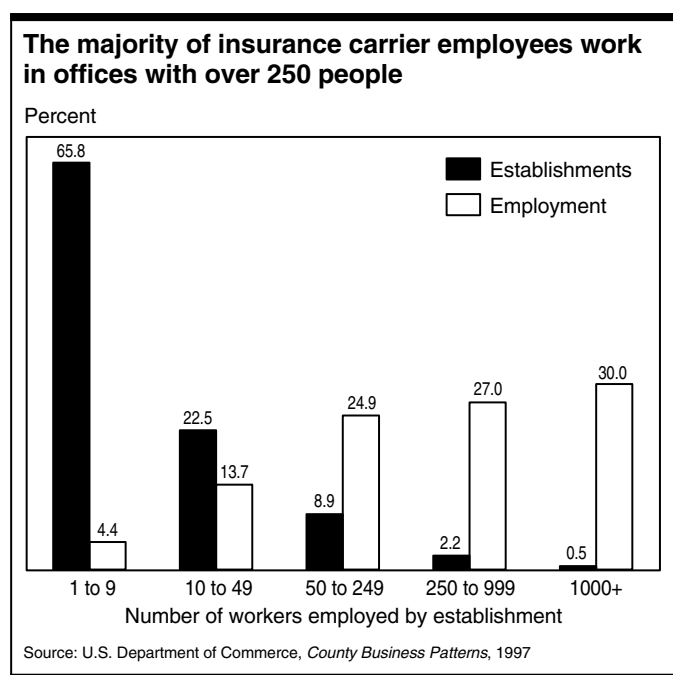
A small but increasing number of insurance employees spend most of their time on the telephone working in call-centers, answering questions and providing information to prospective clients or current policyholders. These jobs may include selling insurance, taking claims information, or answering medical questions. Because these centers operate 24 hours a day, 7 days a week, they involve working evening and weekend shifts. The irregular business hours in the insurance industry provide some workers with the opportunity for part-time work. Part-time employees make up 8.8 percent of the workforce.

As would be expected in an industry dominated by office and sales employees, the incidence of occupational injuries and illnesses among insurance workers is low. An average of only 2.2 cases per 100 full-time workers was reported in 1997 in the insurance carriers segment, and 1.3 in the agents and brokers segment, compared with an average of 7.1 for all private industry.

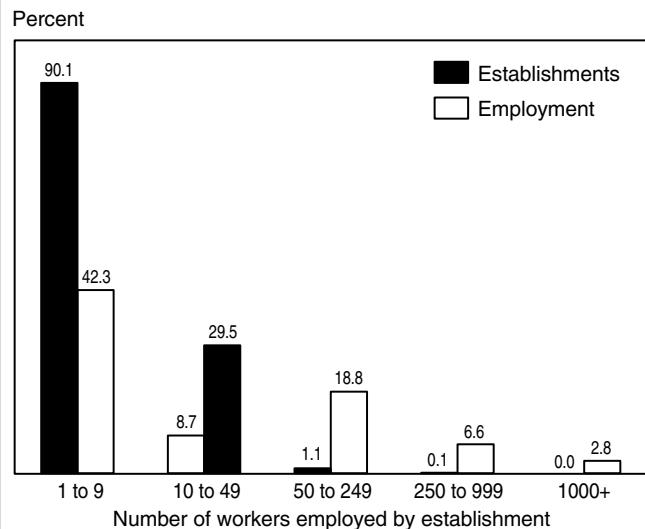
## Employment

The insurance industry, including both insurance carriers and agents and brokers, employed about 2.3 million wage and salary workers in 1998. Insurance carriers provided nearly 7 out of 10 jobs in the insurance industry; insurance agents, brokers, and providers of other insurance-related services held about 3 out of 10 jobs. In addition, there were about 150,000 self-employed workers in 1998, most of whom were insurance agents or brokers.

Insurance carriers are mostly large employers, as shown in the chart above. Over half of their employment is in establishments with 250 or more employees and 80 percent is in establishments with 50 or more workers. Conversely, small establishments dominate the agents and brokers segment of the industry with nearly all employing fewer than 50 workers (see chart below). Approximately 40 percent work in establishments with fewer than 10 employees, and another 30 percent work in establishments with 10 to 49 employees.



## Nearly all insurance agencies employ fewer than 50 workers



Insurance carriers' home and regional offices are commonly located near large urban centers. Insurance workers who deal directly with the public—sales personnel and claims adjusters—are located throughout the country. Almost all insurance agents and brokers work out of local company offices or independent agencies. Many claims adjusters work for independent firms located in small cities and towns throughout the country.

## Occupations in the Industry

More than 4 in 10 insurance workers are in administrative support jobs found in every industry, including jobs such as secretaries, typists, word processors, bookkeepers, and other clerical workers (table 1). Many administrative support positions in the insurance industry, however, require skills and knowledge unique to the industry.

*Insurance policy processing clerks*, for example, process insurance policy applications, changes, and cancellations. Clerks usually work at computer terminals. They review applications for completeness, compile data on policy changes, and verify the accuracy of insurance company records. Over half of all policy processing clerks work in insurance agencies and are usually referred to as customer service representatives. These workers are taking on increased responsibilities in insurance offices, such as handling most of the continuing contact with clients.

*Insurance adjusters, examiners, and investigators* decide whether claims are covered by the customer's policy, confirm payment, and, when necessary, investigate the circumstances surrounding a claim. *Claims adjusters* work for property and liability insurance carriers or for independent adjusting firms. They plan and schedule the work required to process claims, which includes interviewing the claimant and witnesses, consulting police and hospital records, and inspecting property damage to determine the extent of the insurance company's liability.

In life and health insurance carriers, the counterpart of the claims adjuster is the *claims examiner*, who investigates

questionable claims or those exceeding a designated amount. Examiners check claim applications for completeness and accuracy, interview medical specialists, and consult policy files to verify information on a claim. Claims adjusters and examiners rely heavily on *insurance claims clerks*, who obtain and record claims information from customers and from claims adjusters and examiners.

About 3 in 10 insurance workers have an executive, administrative, or managerial job. *Sales managers* constitute the majority of managers in carriers' local sales offices and in the agents and brokers segment. They sell insurance products, work with clients, and supervise staff. Other managers who work in home offices are in charge of departments such as actuarial calculations, policy issuance, accounting, and investments.

*Risk managers* assess various risks faced by insurance companies. They develop risk policies by analyzing historical data regarding workplace injuries, automobile accidents, natural hazards, and conditions which may result in catastrophic physical and financial loss. For example, they might recommend that a factory add safety equipment, that a house be built to withstand environmental catastrophes, or that incentives be implemented to encourage automobile owners to install air bags in their cars. Because these standards can greatly reduce the probability of loss, risk managers are increasingly important to both insurance companies and the insured.

Another important executive, administrative, and managerial occupation in insurance is *underwriter*. These professionals evaluate insurance applications to determine the risk involved in issuing a policy. They decide whether to accept or reject the application and determine the appropriate premium rate for each policy.

*Claims examiners* in property and casualty insurance review settled claims to determine whether payments and settlements have been made in accordance with company practices and procedures. They ensure adjusters have followed proper methods when investigating claims. Examiners may consult with lawyers on claims requiring legal action.

About 15 percent of wage and salary employees are sales staff, who sell policies to individuals and businesses. Insurance sales workers include *insurance agents* and *brokers*, also known as producers. Insurance sales workers can be further classified into three categories: Exclusive agents—sometimes called captive agents—dependent agents, and brokers. *Insurance agents* may work as exclusive agents selling for one company or as independent agents selling for several companies. Through regular contact with clients, agents are able to update coverage, assist with claims, ensure customer satisfaction, and obtain referrals. *Insurance brokers* represent the client or the insured. Agents and brokers may sell many types of insurance: Life, annuities, property-casualty, health, or disability. Also, many insurance agents and brokers are involved in "cross-selling" or "total account development," which means that besides insurance, some agents have become licensed to sell mutual funds, annuities, and other securities. These agents usually find their own customers and ensure that policies they sell meet the specific needs of their policyholders.

The insurance industry employs relatively few people in professional specialty occupations; however, these professionals are essential to insurance companies. For example, lawyers representing insurance companies are needed to defend clients who are sued, especially when potentially large

claims are involved. They also review regulations and policy contracts. Nurses and other medical professionals advise clients on wellness issues and on medical procedures covered by their managed care plan. *Systems analysts* and *computer scientists* are needed to analyze, design, develop and program the systems that support the day to day operations of the insurance company.

*Actuaries* represent a relatively small proportion of insurance employment, but they are vital to the industry's profitability. Actuaries study the probability of an insured loss and determine premium rates. They must set rates so there is a high probability that premiums paid by customers will cover claims, but not so high that their company loses business to competitors.

**Table 1. Employment of wage and salary workers in the insurance industry by occupation, 1998 and projected change, 1998-2008**

(Employment in thousands)

Occupation	1998		1998-2008 Percent change
	Number	Percent	
<b>All occupations .....</b>	2,344	100.0	9.9
<b>Administrative support, including clerical .....</b>	993	42.4	4.8
Insurance policy processing clerks .....	165	7.1	8.2
General office clerks .....	120	5.1	5.3
Insurance claims clerks .....	108	4.6	11.4
Office and administrative support supervisors and managers .....	105	4.5	9.7
Secretaries .....	102	4.4	-7.3
Adjustment clerks .....	66	2.8	31.7
Bookkeeping, accounting, and auditing clerks .....	54	2.3	-7.7
Receptionists and information clerks .....	49	2.1	14.3
File clerks .....	27	1.2	-10.8
Word processors and typists .....	24	1.0	-28.2
Data entry keyers .....	22	0.9	-8.2
<b>Executive, administrative, and managerial .....</b>	709	30.2	12.6
Insurance adjusters, examiners, and investigators .....	162	6.9	21.7
General managers and top executives .....	106	4.5	9.0
Insurance underwriters .....	88	3.8	.5
Claims examiners, property and casualty insurance .....	47	2.0	12.1
Accountants and auditors .....	39	1.7	13.6
Financial managers .....	26	1.1	4.0
<b>Marketing and sales .....</b>	349	14.9	7.3
Insurance sales workers .....	259	11.0	6.2
Marketing and sales worker supervisors .....	44	1.9	10.1
<b>Professional specialty .....</b>	182	7.8	35.5
Computer systems analysts, engineers, and scientists .....	93	4.0	53.1
<b>Technicians and related support .....</b>	84	3.6	5.3
Computer programmers .....	37	1.6	-14.5
Legal assistants and technicians, except clerical .....	31	1.3	23.3
<b>All other occupations .....</b>	28	1.2	5.2

## Training and Advancement

Many jobs in the insurance industry, especially in clerical occupations, require no more than a high school diploma. For others, including sales jobs and some managerial and professional jobs, employers prefer to hire workers with a college education. When specialized training is required, it usually is obtained on the job or through independent study during work or after-work hours.

Graduation from high school or business school is adequate preparation for most beginning administrative support jobs. Courses in word processing and business math are assets, and the ability to operate computers is essential. These and other special skills also help beginners advance to higher-paying positions. On-the-job training usually is provided for clerical jobs unique to insurance, such as policy processing or claims clerks.

Executive, administrative, and professional jobs require the same college training as similar jobs in other industries. Managerial positions usually are filled by promoting college-educated employees within the company. For beginning underwriting jobs, many insurance companies prefer college graduates who have a degree in business administration or a related field. However, some companies prefer to hire liberal arts graduates at a lower cost and send them to company schools and to outside institutes for professional training. For actuarial jobs, companies prefer candidates to have degrees in actuarial science, mathematics, or statistics. Actuaries must pass a series of national examinations to become fully qualified. Completion of all the exams takes from 5 to 10 years. Some of the exams may be taken while in college, but most require extensive home study.

Although some employers hire high school graduates with potential or proven sales ability for entry-level sales positions, most employers prefer to hire college graduates. All insurance agents and brokers must obtain a license in the States in which they plan to sell insurance. In most States, licenses are issued only to applicants who complete specified courses and pass written examinations covering insurance fundamentals and State insurance laws. New agents receive training from their employer either at work or at the insurance company's home office. Sometimes, entry-level employees attend company-sponsored classes to prepare for examinations. Others study on their own and, as on-the-job training, accompany experienced agents when they meet with prospective clients.

Advancement opportunities are relatively good in the insurance industry. Clerical workers can advance to higher paying claims adjusting positions and entry-level underwriting jobs. Sales workers may advance by handling greater numbers of accounts and more complex commercial insurance policies. Having a Master's Degree helps advancement into higher levels of management. Many insurance companies expect their employees to take continuing education courses to improve their professionalism and their knowledge of the industry.

## Earnings

Weekly earnings of nonsupervisory workers in the insurance carriers' segment of the industry averaged \$649 in 1998, considerably higher than the average of \$442 for all private industry. Earnings for the largest occupations in insurance for 1997 appear in table 2.

**Table 2. Median hourly earnings of the largest occupations in insurance, 1997**

Occupation	Insurance carriers	Insurance agents, brokers, and service	All industries
General managers and top executives .....	\$40.72	\$37.75	\$26.05
Insurance underwriters ....	19.07	15.46	17.80
First-line supervisors and supervisor-managers-clerical and administrative support workers .....	18.49	14.91	14.26
Insurance adjusters, examiners, and investigators .....	18.34	16.90	17.96
Sales agents and placers, insurance .....	15.64	15.95	15.75
Secretaries, except legal and medical .....	13.01	10.51	11.00
Insurance claims clerks ...	12.19	10.94	11.27
Adjustment clerks .....	11.61	11.87	10.43
Insurance policy processing clerks .....	11.56	10.97	11.23
General office clerks .....	9.98	8.55	9.10

Most independent agents, who own their own business, are paid by commission only. Sales workers who are employees of an agency may be paid by salary only, salary plus commission, or salary plus bonus. An agent's earnings usually increase rapidly with experience. Many agencies also pay an agent's expenses for automobiles and transportation, travel to conventions, and continuing education.

Insurance carriers offer attractive benefits packages, as is often the case with benefits in large companies. Yearly bonuses, retirement investment plans, insurance, and paid vacation often are standard. Insurance agencies, which are generally smaller, offer less extensive benefits.

Unionization is not widespread in the insurance industry. In 1998, 3.3 percent of all insurance workers were union members or were covered by union contracts, compared to 15.4 percent of workers throughout private industry.

## Outlook

Employment in the insurance industry is projected to increase 10 percent between 1998 and 2008, more slowly than the 15 percent average for all industries combined. While demand for insurance is expected to rise, job growth will be limited by downsizing, computerization, and a trend towards direct mail and telephone sales. Nevertheless, thousands of openings are expected to arise in this large industry to replace those who leave and to accommodate the industry's push into the broader financial services field.

Population growth will stimulate demand for all types of insurance, but particularly auto and homeowners. It will also create demand for businesses to service its needs, and these businesses will also need insurance. As the population ages, more people are expected to buy health and long-term care insurance as well as annuities and other types of pension products.

sold by insurance sales agents. Also, laws to help people purchase health insurance, should boost demand. And large liability awards are motivating many individuals and businesses to purchase liability policies to cover lawsuits brought by people claiming damage or injury by a particular person or product.

Productivity gains caused by the greater use of computers will limit the growth of certain professional, clerical, and sales jobs. For example, the use of underwriting software that automatically analyzes and rates insurance applications will lead to slower than average employment growth for underwriters. Also, computers that are linked directly to the insurance carriers have greatly facilitated communications between agencies and insurance carriers, making the agency and its employees, primarily policy processing clerks, much more productive and subject to slower than average growth. Job growth for sales agents will also be limited by the increased use of direct marketing by insurance carriers, who will centralize sales activities in a growing number of telephone service centers.

Employment of claims professionals, especially in the property and casualty and health fields, will grow faster than average as companies strive for better customer service. These jobs are less easily automated because they require contact with policyholders and actual inspection of damaged property or consultation with a physician. Especially in the faster growing parts of the country, claims adjusters and examiners will be in great demand. In addition, many property and casualty and health insurance companies are setting up 24-hour call-in centers for clients to report claims or to ask health-related questions. This will create a demand for claims clerks to process the information generated from the calls. It will

also create a growing demand for health care professionals familiar with medical terminology.

### Sources of Additional Information

General information on employment opportunities in the insurance industry may be obtained from the human resources departments of major insurance companies or from insurance agencies in local communities.

Other information on careers in insurance is available from:

- Life Insurance Marketing and Research Association, P.O. Box 208, Hartford, CT 16141-0208.  
Internet: <http://www.limra.com>
- Insurance Information Institute, 110 William St., New York, NY 10034.  
Internet: <http://www.iii.org>
- The American Institute for Chartered Property and Casualty Underwriters, and the Insurance Institute of America, 720 Providence Rd., P.O. Box 3016, Malvern, PA 19355-0716.  
Internet: <http://www.aicpcu.org>
- Health Insurance Association of America, 555 13<sup>th</sup> St. NW., Suite 600 East, Washington, DC 20004.  
Internet: <http://www.hiaa.org>

Information on the following insurance occupations may be found in the 2000-01 *Occupational Outlook Handbook*:

- Actuaries
- Adjusters, investigators, and collectors
- Insurance sales agents
- Insurance underwriters